

March 20, 2020

MEMORANDUM

TO: Mayor Rick Stopfer
Irving City Council
City Manager Chris Hillman

RE: COVID-19 Visitor Economy Update

FR: Maura Allen Gast, FCDME 

CC: ICVB Board of Directors

The data thus far on COVID-19's impact on the Irving visitor economy shows significant impact across the spectrum. While impact data continues to play out, and the situation continues its rapid evolution, information thus far suggests the downturn certainly will carry throughout the spring. Like everyone else, we are hopeful Governor Abbott's actions yesterday, and the stances taken thus far by Dallas County and the City, will start the flattening of the curve we so desperately need to see.

The Four Seasons has just announced it is closing until May 1. Other hotels have begun significant layoffs; the group portion of their business (for our hotels with meeting space), which typically represents about 25% of their occupancy, has essentially gone away. Some corporate transient travel and contract business (think airline crew rooms) continues to take place, but with corporations placing restrictions on travel and airlines slashing routes, those numbers will continue to shrink as well. As our staff continues its contingency planning, we are looking at a minimum of six weeks of no hotel occupancy tax collections, which assumes some relief comes back in May, but we recognize that timing is as optimistic as it can be. We do believe demand will be back once the pandemic is contained, and all industry data points to that, including what we have seen happen in China as their markets have slowly started to recover.

Closures have begun; La Cima has closed for the duration of this pandemic, as has Cool River, and I know there are others. Many of our restaurants are doing their best to reinvent themselves for the curbside pickup/to-go/delivery options, but not all were built for that. Restaurant margins are so thin to begin with; the recent legislative change to allow the delivery of alcoholic beverages with those delivered meals can provide more of a margin. The longer this goes on, the more our restaurants and hotels will not have any choice to close, either temporarily or permanently. The Texas Restaurant Association is encouraging its members to reach out to local officials to ask for temporary relief of local restaurant taxes paid, and I know you have been contacted by several asking for that relief. Please encourage your family, friends and neighbors to pick up something to go or get something delivered from your favorite Irving restaurant as often as you can, and to tip extra well.

The Texas Hotel & Lodging Association is reaching out on behalf of its members as well, asking for temporary relief in hotel occupancy tax payments. With Irving being one of the few municipalities collecting these on a quarterly basis, this would be crushing to our ability to continue operations and those of the Arts & Culture Department, and far more difficult to manage through than a one-month postponement for most every other community.

The chart below was released this week from US Travel, with the research conducted by Tourism Economics, a division of Oxford Economics. I would remind you that based on our 2019 studies, there were more than 23,000 jobs in Irving dependent on our visitor economy, and spending by visitors of just under \$3 billion annually.



Events that have typically helped the Irving visitor economy in an economic downturn – amateur sports, association meetings and conventions, and social gatherings (particularly weddings, reunions, etc.) – can’t help this time because they are not – and are not allowed to be – happening.

With Convention Center cancellations, we are focused on trying to re-book as many of those meetings as possible, ideally within this fiscal year; we are applying any deposits already in hand to the future meetings without penalty in as many cases as possible. Some events cannot be re-booked in the short-term; this year’s National Guard Association of Texas convention is booked elsewhere for the next few years; we are hoping to get them back in 2023. This one is particularly painful, as it was the very first citywide contract we booked with the addition of the Westin. This year had started out incredibly strong for the convention center and all the revenue gains we had made have been wiped out by cancellations. We do have the possibility of the exhibit hall being converted to a temporary distribution center and filling an escalating need in the supply chain challenges being experienced.

Meetings booked at the hotels are working with the hotels on cancellations and re-booking; those are at the discretion of our hotels, and we are not going to be privy to most of that information. The patchwork of dates mandated by county governments in Texas, versus the state’s declarations and those of the federal government are confusing to clients; and they are different certainly from state to state.

Our offices have been closed to the public since March 17 and will remain closed indefinitely, with a skeleton staff available inside the offices for a reduced number of hours on-site, and everyone else has the option to work remotely and is being strongly encouraged to do so. Anyone coming in to the office may do so during restricted hours. All business travel has been suspended through April 15. Any staff that travels personally or professionally must self-isolate for 14 days on their return and will not be allowed back in to the office at all before that time is up. We will be using Zoom for our staff meetings so we can keep those going and keep our folks interacting with each other in as safe a manner as possible. The ICC staff is using this window of time to do deep cleaning and a number of maintenance and engineering projects that have been needed, but we haven’t had the availability on the calendar to do so. This will allow us to be able to hit the ground running when the marketplace can open again. Enterprise Car Rental remains open, and thus the facility itself is still open (even though the office is closed to the public); Enterprise system-wide is having a lot more cars coming back than going out, and have been able to take advantage of the availability of space in our garage to accommodate several of their locations who did not have capacity for this many cars to be parked.